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PART III.

CLOSED UNTIL

FURTHER CORRESPONDENCE

RESPECTING THE

AFFAIRS OF TURKEY.

253

July 1914.

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Further Correspondence respecting the Affairs of Turkey.

PART III.

[29381]

No. 1.

Sir Edward Grey to Sir L. Mallet.

(No. 289.)
(Telegraphic.)

Foreign Office, July 1, 1914.

MR. GREG'S telegram No. 50 of 29th June.

Having stipulated for removal of Turkish veto on borrowing powers of Egypt, we cannot press Turkish Government to make further concessions to Egyptian views of fiscal freedom.

You must therefore leave Crawford and Turkish Government to settle this question by themselves.

[29859]

No. 2.

Messrs. Treherne, Higgins, and Co. to Foreign Office.—(Received July 2.)

7, Bloomsbury Square, London, July 1, 1914.

Sir,

MR. SILLEY: Mesopotamia oil rights.

In your letter of the 20th May you informed us that we were under a grave misapprehension in assuming that the legality of Mr. Silley's claims were admitted by your Department. This referred, we think, to a clause in our letter to you of the 13th May, in which we stated that we understood at one or two interviews which we had had at the Foreign Office that there was no question of the rights not being legal, and that the Foreign Office and His Majesty's Ambassador had satisfied themselves that Mr. Silley's claims, so far as legality went, were perfectly in order.

Our recollection of the interviews which we had at the Foreign Office is that we were told that the embassy in Constantinople, on the instructions of the Foreign Office, had made enquiries about Mr. Silley, and had ascertained that he was a British subject and a perfectly reputable and honest person, and that they had made enquiries as to the claims of mining licences to which he claimed to be entitled according to his letter to you of the 17th January, and found that what he said was correct.

This was the meaning which the paragraph in our letter to which we have referred was intended to bear, and if it goes beyond that, or if our impression of what passed at the interview in question was wrong, we must express our regret.

In your letter of the 20th May you lay stress on the fact that Mr. Silley is interested jointly with Ottoman subjects in the claims in question, and state that the Secretary of State is not prepared to support a claim of Ottoman subjects against his own Government merely because a British subject had purported to acquire an interest in that claim.

You will permit us to point out that the shares of the Turkish Petroleum Company, which is supported by His Majesty's Government, are largely held by the Deutsche Bank and the Anglo-Saxon Petroleum Company, which is controlled by Dutch interests.

Mr. Silley controls the Ottoman subjects who are associated with him, and the position of his group, so far as interests other than British are concerned, is very much the same as the position of the Turkish Petroleum Company.

You have all along stated that the D'Arcy group and the Turkish Petroleum Company have enjoyed the support of His Majesty's Government because the Foreign Office was of opinion that their claims were legal. We must again ask whether the Foreign Office would be prepared to continue that support if it should prove that their claims were not legal.

We understand that there is some dispute as to the legality of the rights claimed by the Turkish Petroleum Company over oil areas in the provinces of Mosul and Bagdad, and there is some question as to whether oil-fields in these areas are subject to the mining law of Turkey or to the Minister of Finance in virtue of the firmans referred to in your letter of the 20th May.

This question has, we understand, been determined by a decision of the Council of State of the 4th June, a translation in French of which we enclose for your information. There was a similar decision given about two years ago, when Kiamil Pasha was President of the Council of State, to the same effect, and we are endeavouring to obtain a copy of this for your information.

If this decision has been or is modified or revoked it will be, we submit, entirely in consequence of diplomatic pressure put on the Turkish Government by the Foreign Office, and in such circumstances we must submit that Mr. Silley is entitled to full consideration at the hands of the Foreign Office in respect of his rights, and failing their being ratified in his favour adequate compensation at the hands of the Turkish Petroleum Company, and we trust the Foreign Office will see its way to take these matters into consideration.

It has been suggested to the Foreign Office, though with what circumstantial evidence we do not know, that Mr. Silley and those associated with him have all along been aware of the claims of the Turkish Petroleum Company, and they are endeavouring by fishing in troubled waters to bolster up a claim for compensation. It is impossible for us on Mr. Silley's behalf to disprove any such charges as these unless definite evidence in support of them is brought forward, but we desire to point out that the fact that the Council of State has given a decision entirely in Mr. Silley's favour is strong evidence of his good faith, and shows that the Council of State, at any rate, supports him as regards the legality of his claims.

We are, &c.
TREHERNE, HIGGINS, AND Co.

Enclosure in No. 2.

Decision of Council of State.

LA Cour plénière du Conseil d'État, après avoir donné la lecture du mazbata des sections de finances et de travaux publics, a délibéré la question soumise et bien que les trois conseillers ont déclaré que parmi les sources du naphte et du pétrole, se trouvant dans les provinces de Bagdad et du Mossoul, il y en a dont les droits de recherches et les concessions d'exploitation ont été accordés précédemment au Ministre de la Liste civile, par les firmans Impériaux qui ne sont actuellement en vigueur et que ce Ministre en a profité par des contrats d'affermage, ainsi qu'une partie de ces sources également concédées audit Ministère, même non exploitées, sont en état courant depuis des siècles et utilisables déjà par l'État et le peuple, ce qui prouve qu'elles doivent être assujetties aux conditions des mines découvertes; par conséquent, ces sources ne doivent être concédées qu'à la suite des enchères publiques, aux plus enchérisseurs, conformément à la loi sur des mines; quant aux sources à découvrir dans l'avenir, [*sic*] ont déclaré la nécessité de se conformer à ladite loi, pour délivrer en due force les permis de recherches à qui de droit.

La Cour a considéré, par la majorité des voix, que les allegations ci-haut relatées sont des questions qui ne concernent que l'application des lois et qu'elles ne peuvent pas actuellement servir de base de discussion, étant donné qu'en cas nécessaire on pourra les prendre en considération; et

Attendu que les firmans, d'après lesquels les droits de recherches et les concessions d'exploitation des mines en question sont accordés précédemment au Ministère de la Liste civile, n'étant plus actuellement en vigueur, la question à résoudre consiste à savoir les mesures que le Gouvernement doit prendre au sujet des mines précitées.

Attendu que le Ministère de Commerce et d'Agriculture ayant le devoir d'appliquer la loi sur des mines, par rapport à toutes les mines se trouvant dans le territoire de l'Empire ottoman, ne peut pas envisager un obstacle quelconque pour appliquer complètement la même loi quant aux mines du naphte et du pétrole en question, en prenant, bien entendu, en considération les mines découvertes et non découvertes, ainsi que leurs circonstances différentes.

Par conséquent, la Cour envoie l'affaire au Ministère susmentionné aux fins requises et de droit.

[29923]

No. 3.

Board of Trade to Foreign Office.—(Received July 2.)

Board of Trade, July 2, 1914.

Sir,

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 29th June, transmitting copy of the draft Anglo-Turkish Convention, with certain amendments proposed by Hakki Pasha, and to offer the following observations thereon for Sir E. Grey's consideration:—

As regards the principal amendment—that embodied in the new draft article 3 *bis*—it appears to the Board entirely unreasonable for the Turkish Government to endeavour to obtain from His Majesty's Government at this late stage of the negotiations, and in a convention of this character, any undertaking of the kind now proposed. Such an undertaking would appear to be, in fact, a very considerable concession, as it would amount to the consent of His Majesty's Government to the abrogation of the Capitulations, as far as they relate to matters ordinarily included within the scope of commercial treaties. At the same time, the Board are disposed to deprecate an absolute refusal by His Majesty's Government to enter upon any negotiation of the kind desired, and I am accordingly to suggest that Hakki Pasha should be informed that, whilst His Majesty's Government cannot consent to the inclusion in this convention of any undertaking on the subject, they have no objection to recording in a separate note their willingness to examine the possibility of concluding a commercial treaty with the Turkish Government at an early date.

The Board are in agreement with what they understand, from Sir E. Mallet's telegram of the 26th June, to be the view of the German Government, namely, that, in the event of any commercial treaties being concluded with Turkey, the Capitulations, so far as they relate to commercial matters, should, in the first instance at least, be merely suspended, and not abrogated. As a tentative proposal, they would suggest that any commercial treaty entered into by His Majesty's Government with the Turkish Government should be for a period of twelve or fifteen years, and subject to the condition that, in the event of it being denounced by either party at the end of that period, the existing commercial rights of British subjects under the Capitulations should automatically revive, but that, if the treaty were renewed or replaced by a new treaty for a similar period, such rights should be held to have lapsed. I am, however, to add that it would, in the opinion of the Board, be advantageous if any reply to Hakki Pasha, beyond that indicated in the preceding paragraph of this letter, could be deferred until the views of the German Government have been definitely ascertained.

As regards the amendments proposed by Hakki Pasha to article 6 of the draft convention, the Board understand that your Department is in communication with the British firms concerned. The Board remain of opinion that, in order to afford the fullest possible protection to the interests of those firms, it is desirable that the constitution of the Arbitration Court under article 6 (*c*) should be definitely prescribed in the present convention, but, if the firms are willing to acquiesce in the amendments put forward by Hakki Pasha, the Board are not disposed to press their objection.

With reference to the reserved paragraph on p. 3 of the draft convention, and the proposed omission of all reference to the Mesopotamian oil concession, the Board understand that it is Sir E. Grey's intention that the convention should not be definitely concluded until a settlement of that matter on lines satisfactory to His Majesty's Government has been reached.

I am, &c.
H. LLEWELLYN SMITH.

[29924]

No. 4.

Sir L. Mallet to Sir Edward Grey.—(Received July 2.)

(No. 398.)
(Telegraphic.) R.

Constantinople, July 2, 1914.

FOLLOWING from His Majesty's consul at Basra yesterday:—

"A few days ago one weak battalion left Shatra to attack Abudah, and, I think, Khafaja tribes. Turks were defeated, losing four [group omitted], and about forty men killed, and two guns.

"Shatra is besieged by Arabs. Vali, with delightful confidence in man whom the population refer to as his shepherd, has suggested to Constantinople that Talib should go to Shatra to institute reforms."

(Sent to Embassy; repeated to Bagdad.)

[29919]

No. 5.

Sir L. Mallet to Sir Edward Grey.—(Received July 2.)

(No. 399. Confidential.)
(Telegraphic.)

Constantinople, July 2, 1914.

MY immediately preceding telegram of 2nd July.

Minister of the Interior told me in confidence that he was recalling the Vali of Basra, who is quite discredited, and means to appoint Seyyid Talib in his place.

[29926]

No. 6.

Sir L. Mallet to Sir Edward Grey.—(Received July 2.)

(No. 401.)
(Telegraphic.) R.

Constantinople, July 2, 1914.

MY telegram No. 400 of 2nd July: Smyrna-Aidin Railway.

Grand Vizier informed me that the Porte will not insist on Turkish directors.

I look upon this as a considerable concession, as they attach great importance to this condition.

[29241]

No. 7.

Sir Edward Grey to Sir L. Mallet.

(No. 290.)
(Telegraphic.) R.

Foreign Office, July 2, 1914.

HAKKI PASHA has suggested a new article in monopolies agreement in following terms:—

"Le Gouvernement de Sa Majesté britannique accepte de négocier avec le Gouvernement Impérial ottoman un accord destiné à régler les échanges commerciaux entre les deux pays sur la base du droit international public, à la condition que toutes les puissances intéressées consentent elles-mêmes à traiter sur cette base."

I am consulting the Board of Trade about this proposal, but it seems to render valueless the three conditions to which I made subject, in the declaration signed on 29th July, 1913, our assent to negotiate a specific tariff with Turkey, and it would, in the opinion of Mr. Waugh, whom I have consulted, be an undertaking of very far-reaching consequences, involving the abandonment of certain commercial safeguards. It is, in any case, a matter which requires most careful and prolonged consideration, and I think it is unreasonable for Ottoman Government to put forward this fresh stipulation now as a condition of signing the monopolies agreement, which has twice been initialled by Hakki Pasha already, and which I am anxious to conclude at once. I should be glad to receive your Excellency's observations by telegram.

[28578] No. 8.

Sir Edward Grey to Sir L. Mallet.

(No. 292.)
(Telegraphic.) R. *Foreign Office, July* 2, 1914.

YOUR telegram No. 393 of 30th June: Oil concessions in Mosul and Bagdad.

The details of the agreement between the Ottoman Government and the Turkish Petroleum Company are of the essence of the contract, seeing that they involve such important points as "share" of Ottoman Government, which, according to Hakki Pasha, includes an Ottoman director on the board, and indemnity by company against third parties. The risk of claims for compensation has increased immeasurably owing to decision of Council of State on 4th June, of which a copy has been furnished to Silley and communicated to us in his support by his solicitors. Your Excellency should point this out to Grand Vizier, and say that these points must all be settled before I can agree to abandon lever of our assent to monopolies.

I agree that negotiations should be carried out by representatives of company, and Stock will be empowered to act. Nichols cannot leave London.

I should be glad to learn by telegraph precise legal effect of opinion given by Council of State on 4th June. Silley urges that it has been reversed in violation of justice and in consequence of diplomatic pressure, and I anticipate much trouble.

[30089] No. 9.

Sir L. Mallet to Sir Edward Grey.—(Received July 3.)

(No. 405.)
(Telegraphic.) R. *Constantinople, July* 3, 1914.

YOUR telegram No. 292 of 2nd July.

Company could in any case be called upon to constitute itself as Société anonyme ottomane, and this cannot be disputed. In view of extent of enterprise, I consider that presence of Turkish director on the board might be mutually advantageous, but it is in any case a minor point.

In anticipation of difficulties in this connection, I have already drawn up, in conjunction with my German colleague, formula of reply in the sense of my telegram No. 393 of 30th June, adding that, in view of arguments therein expressed, possibility of having to indemnify any third persons seems to me to be excluded, unless there should be interested parties with whom Ministry *quâ* concessionnaire had entered into any special engagements, which engagements could in the circumstances only have a temporary character. This addition is to cover any claim in respect of local lease of oil wells for short periods, some of which company might allow to expire normally.

It is possible that company will in the end have to grant some indemnity, but this is a matter for after-negotiation in my opinion, and in that of Whittall and Stock, with whom I discussed this question yesterday. Copy of this note goes to you by post this afternoon.

Grand Vizier has referred in conversation to some decision of Council of State declaring original firman granting concession illegal, but his official reply to identic notes of German Ambassador and myself asking for lease states that Ministry of Finance, finding itself substituted for Civil List in respect of oilfields, grants lease to company. No mention is made of any decision of Council of State, precise effect of which it is difficult to estimate, but it may be presumed that Ministry do not attach much importance to it in view of terms of their reply. This gives one good ground for regarding Council as an advisory body. It would of course be impolitic to consult Turkish authority on the subject.

In any case position of His Majesty's Government up to date of this decision is unassailable, because until that time the validity of the firman was never for a moment disputed. I would, moreover, refer you to your letter to Silley's lawyers enclosed in your despatch No. 321 of 21st May, in which they were told that Silley, in any case, has no claims. The memorandum enclosed in my despatch No. 354 of 20th May clearly shows weakness of Silley's case.

Whittall anticipates that negotiations between company and Government will take a long time, and that great patience will be needed to bring them to a successful conclusion.

If you desire to retain lever of Monopolies Agreement, it will not be possible to sign it for some weeks or even months.

I would strongly deprecate conveying any more threats to the Grand Vizier at present.

[29574]

No. 10.

Sir Edward Grey to Sir L. Mallet.

(No. 293.)
(Telegraphic.) *Foreign Office, July* 3, 1914.

Mr. SILLEY'S oil claims.

I doubt expediency or efficacy of course suggested in final paragraph of your Excellency's telegram No. 394 of 30th June. As I understand the mining law, the applicants for licences acquire a prior right even if actual licences are suspended. If this is so, the fact that safety of prospectors cannot be assured would not invalidate rights, but merely postpone their realisation. Turkish Petroleum Company inform me that Silley's claims in Basra and Nejd are, from their location, believed to be valueless as regards oil available, but they have no certain knowledge.

[30300]

No. 11.

Sir L. Mallet to Sir Edward Grey.—(Received July 6.)

(No. 466.)
Sir, *Constantinople, June* 29, 1914.

I HAVE the honour to forward herewith a despatch from His Majesty's vice-consul at Van reporting on the present condition of the gendarmerie in the Van vilayet and on the progress made in its reorganisation.

I have, &c.
LOUIS MALLET.

Enclosure in No. 11.

Lieutenant Smith to Sir L. Mallet.

(No. 13.)
Sir, *Van, June* 10, 1914.

I HAVE the honour to forward to your Excellency the following report on the general state of the gendarmerie in this vilayet:—

General Hawker Pasha has just passed through Van on a tour of inspection. On leaving Bashkalé he proposes to inspect the frontier companies between that place. and Bayazid, these being now for administrative purposes under the gendarmerie.

A short time ago a French officer, Captain Marrassé, arrived here to act as adviser and inspector of the regiment. In place of Halil Bey, appointed "commandant de place" at Constantinople, Kiazim Bey has arrived to command the Van gendarmerie. This is a young and energetic officer of the general staff, who is thought highly of both by the Vali and by the Government at Constantinople. The appointment of picked men in whom it has confidence, such as the Vali and Kiazim Bey, shows a real intention on the part of the Government to improve and strengthen the administration of the eastern provinces, in which the difficulties, owing to racial differences and the proximity of the frontier, are greater than elsewhere. This system is also being carried out amongst the subordinate officials, the old lethargic type of official having been gradually replaced by more capable and hardworking men from Constantinople and Macedonia.

During a period of about twelve months a commission under Osman Senai Bey, to which a French gendarmerie officer was attached, was engaged in travelling about in the eastern vilayets for the purpose of reorganising the gendarmerie. The results obtained and improvements effected by this commission appear to be absolutely nil, so that the task of changing the corps into an efficient and useful force has had to be started again from the beginning, and under great difficulties owing to lack of funds and other causes.

The establishment of the gendarmerie in the Van vilayet is four battalions, each consisting of about 575 men, or a total of 2,190. The actual strength is about 1,700, and the deficiency should be made up in the course of the year. During the last two months several hundred school-trained recruits have been sent to Van from Trebizond and a number of trained and educated non-commissioned officers from the school at Constantinople, whilst several selected army officers have been transferred to serve in the gendarmerie.

On the whole, it may be said that the gendarmerie contains a very good class of men who, in this vilayet, carry out their work in difficult and often dangerous conditions with a degree of efficiency which is surprising considering the irregularity with which they receive their pay, the very inferior way in which they are housed, and the way in which the service has been neglected by the Government until last year. As one example, all the summonses issued by the court in the caza of Khoshab have been executed for more than six months past. As a rule the proportion which are not served amounts to about 30 per cent.

As regards pay, many of the companies are two months in arrears (in Mush, in the vilayet of Bitlis, they were recently five months in arrears). It is somewhat remarkable and worthy of note that, in spite of this, the men show no neglect in carrying out their various duties, and the service of the Government goes on as usual. In this vilayet, and I believe elsewhere, there are no proper quarters for the detachments scattered about the country, and they are generally housed in squalid and often ruinous buildings. This is a point to which the Government might well give more attention, for the sight of well-built and clean barracks for the detachments would be a visible proof of the authority of the Government, and would impress on the population the fact that the gendarmerie are stationed amongst them to keep order and maintain security. As a beginning, a sum of £ T. 2,500 has been allotted for this purpose in the vilayet.

The Armenian, and sometimes foreign, newspapers publish reports from time to time of gendarmes ill-treating the inhabitants. As far as this vilayet is concerned these reports are much exaggerated. In the last six months only one case has come to my notice of a gendarme having beaten a villager, and on investigation this proved to be an unimportant incident, which was magnified by the Armenian papers for their own purpose. The gendarmerie authorities have made public in every way possible that they will willingly listen to and investigate any complaint against the gendarmes. They invite the villagers to bring any such case to their notice.

There is no doubt that when gendarmes are moving about on duty they live on the villages often without paying for their supplies. This, however, is the custom of the country, the villagers generally do not object to it, and as a rule all travellers are given food and lodging free for one night. As regards the villages in which posts are permanently stationed, when the Government keeps the men without pay for months they are obliged to a large extent to draw on the villagers for supplies. This is unsatisfactory, but the fault lies with the Government and not with the gendarmes, who have of necessity to find subsistence for themselves and their horses. Generally, villagers in this vilayet do not object to supplying food and forage to their gendarmes, as the presence of a post in the village gives them security, and they have an advantage in case of a dispute with a neighbouring village.

The number of Armenians in the gendarmerie is small and shows no sign of increasing. The Armenian papers and political leaders demand that the gendarmerie should recruit a proportionate number of Armenians in the provinces in which they form an important part of the population, and make a grievance of the fact that there are so few. Whilst it is desirable that the gendarmerie should consist of all races, instead of being drawn almost entirely from the Mahommedans, the Government and the gendarmerie officers are not responsible for the present state of affairs. From conversation with General Hawker, I understand that the Government has willingly accepted the principle of recruiting Armenians and Greeks, and that everything possible has been done on the part of the gendarmerie authorities to get these people to join the force, but without success. It is evident that, in spite of the demands put forward by their leaders, the Armenians do not wish to join the gendarmerie, and that being so they cannot reasonably maintain that it is the fault of the Government that the force is almost entirely composed of Mahommedans. I have spoken with Armenians of all classes on this subject, and the reason they give for their people not joining is generally economic. The Armenian prefers to work at a trade, or, if a villager, to cultivate his land, and the pay of a gendarme—200 piastres a month—is not sufficient to induce him to leave a trade at which he earns more, particularly as the pay of the gendarmes has lately been in arrears. They look upon army service in the same way, and do everything possible to avoid having to serve. It is no question of their being ill-treated by their Moslem comrades or by their officers in barracks, but undoubtedly the unhealthy conditions of life in Turkish barracks and the neglect of the sick is another factor which influences them against army service. There is another feeling underlying everything else, unwillingness to serve under the Turkish Government and thus associate themselves with the governing race, which they look upon as less progressive and civilised than themselves. The Armenians resent any attempt to lessen the gulf which divides them from the Turks, and this accounts in part for their keeping away from the gendarmerie. This is particularly the case in Van, where they are politically strongly organised.

As I reported in my despatch No. 12 dated the 20th May, a new caza is to be established this year at Beit-es-Shebab, in Hakkiari, which is the centre of a number of semi-independent Kurdish tribes. The gendarmerie company for this place is formed and is only waiting for the appointment of the civil officials to move into the district. It is interesting that at Bashkalé a company of forty gendarmes has been mounted on mules captured last year from Sheikh Taha of Shamdinan. This small force should be useful, as many parts of the sanjak are so mountainous that only mules can be employed.

In spite of difficulties due to previous neglect, irregular pay, and a system of organisation which is far from perfect, the gendarmerie in Van does its work with a very fair degree of efficiency, and has made decided progress in the last six months. With the assistance of the foreign officers recently appointed and a more regular supply of funds from Constantinople, its efficiency will be still further increased this year. Besides money to build barracks for the detachments, the Vali and the new commandant are very desirous of obtaining a sum sufficient to connect the various posts and frontier companies by telephone. If these were installed, early notice would be obtained of any band of robbers having passed the frontier, and a force could be quickly collected to deal with it before it had time to go far. Owing to the presence of several Kurdish bands living across the frontier in Persia, who have been in the habit of entering Turkish territory to carry off sheep, the installation of these telephones between the frontier guards seems to be a desirable measure and one making for greater security in these districts.

I have, &c.
IAN M. SMITH, *Lieutenant,*
1st Somerset Light Infantry.

[30306]

No. 12.

Sir L. Mallet to Sir Edward Grey.—(Received July 6.)

(No. 472.)

Sir, *Constantinople, July 1, 1914.*

WITH reference to my telegram No. 393 of yesterday's date, I have the honour to to transmit herein copy of the note which I have received from the Grand Vizier, agreeing to lease the oil deposits in the vilayets of Bagdad and Mosul to the Turkish Petroleum Company.

I have, &c.
LOUIS MALLET.

Enclosure in No. 12.

Grand Vizier to Sir L. Mallet.

M. l'Ambassadeur, *Sublime Porte, le 28 juin, 1914.*

EN réponse à la note que votre Excellence a bien voulu m'adresser, en date du 18 courant, j'ai l'honneur de l'informer de ce qui suit :

Le Ministère des Finances, se trouvant substitué à la Liste civile, en ce qui concerne les sources pétrolifères découvertes et à découvrir dans les vilayets de Mosoul et de Bagdad, consent à les donner à bail à la Turkish Petroleum Company, et se réserve le droit de fixer ultérieurement sa part ainsi que les conditions générales du contrat.

Il va sans dire que la société devra se charger d'indemniser, s'il y a lieu, les tierces personnes qui se trouveraient intéressées dans les sources pétrolifères sises dans ces deux vilayets.

Veuillez, &c.
SAÏD HALIM.

[30447]

No. 13.

Sir L. Mallet to Sir Edward Grey.—(Received July 6.)

(No. 408.)

(Telegraphic.) R. *Constantinople, July 5, 1914.*

YOUR telegram No. 290 of 2nd July : Anglo-Turkish negotiations.

I informed Grand Vizier that insertion of article in Monopolies Agreement respecting Commercial Treaty would delay negotiation of that agreement, as His Majesty's Government could not be expected to consent so readily as the other Powers, their position being quite different owing to absence of tariff in England. Turkish Government must give them time to think over this proposition. I had already told his Highness that you were ready to consider in friendly spirit any proposal which his Government might make, and that should be sufficient for the present. His Highness agreed, but said that he would like you to answer Hakki Pasha's proposal to the effect that you would give it your favourable consideration. (End of R.)

I would recommend that you should give answer which would satisfy Hakki Pasha without absolutely committing you. German negotiation on this point is not finished. My German colleague has gone to Berlin. It would be as well to await result of these negotiations. They may find formula which would safeguard our interests also. If they know that we shall refuse they will be able to accept relying on our refusal.

Italian Treaty of Lausanne explains clearly what Turkish Government wants, namely, freedom to negotiate commercial treaty like any other European Power untrammelled by Capitulations.

It is undoubtedly serious and far-reaching demand involving greater risks for us than for other Powers, and it is a proposal to which the Board of Trade will inevitably be strongly opposed ; but, on political grounds, I am of opinion that it is worth our while to consider in what ways and under what limitations we could agree to consider it. Crawford will be in England in three weeks' time and could give you any necessary explanation.

[30575]

No. 14.

Sir L. Mallet to Sir Edward Grey.—(Received July 6.)

(No. 410.)

(Telegraphic.) *Constantinople, July 6, 1914.*

YOUR telegram No 293 of 3rd July : Oil concessions in Nejd.

My telegram No. 406 of 5th July.

As Bin Saud is to be Vali of Nejd or Mutessarif of province, applications for "permis de recherche" should now properly be addressed to him. It seems probable that Silley is getting into touch with him, and it would therefore be advisable for Bin Saud to be in possession of His Majesty's Government's view, with regard to mining in his province, without delay.

The moment he is appointed Turkish Vali, it will presumably be correct to address applications to him, but it would perhaps be advisable, in view of Turkish susceptibilities, to do so with caution and, if possible, through natives.

The wisdom of introducing Turkish Petroleum Company, in which Germans have a large direct and indirect participation, into Arab provinces, has no doubt been fully considered by His Majesty's Government in the light of policy hitherto followed of excluding introduction of foreign interests on Gulf coast and in Arabia, where Bin Saud is at present dominant.

Appearance of Turkish Petroleum Company in these regions would afford German Government as good grounds as His Majesty's Government for desiring to appoint consular agents in Nejd, which would enable them to intrigue with Arabs.

[30629] No. 15.

Sir L. Mallet to Sir Edward Grey.—(Received July 7.)

(No. 412.)
(Telegraphic.) *Constantinople, July* 6, 1914.

CRAWFORD tells me in confidence that Ottoman Government are perturbed by a telegram from Hakki Pasha, from which it appears that you are doubtful of legality of decision giving lease of oil concession to Turkish Petroleum Company in view of action of Council of State.

They apparently consider it inconsistent with extreme pressure recently put upon them to grant the concession.

I told Crawford that condition that company must indemnify claimants seemed inconsistent with grant of lease, and that, as Government admitted that concession existed, there could be no other legal claimants. Crawford agreed, and will advise Government to undertake responsibility themselves, but, as Hakki has communicated to them your apprehensions regarding Silley, to whose claims they did not previously attach importance, it may be more difficult to obtain a satisfactory answer.

[30647] No. 16.

Sir L. Mallet to Sir Edward Grey.—(Received July 7.)

(No. 413.)
(Telegraphic.) R. *Constantinople, July* 6, 1914.

FOLLOWING from consular officer at Basra, No. 63:—

"1. I have received a letter purporting to be from Ajemi.

"2. Writer says that he intends to attack Basra two days from now and cannot take responsibility for British subjects, whom he advises me to remove.

"3. I am convinced by internal evidence that the letter is a forgery. Also at this season Ajemi has only about 600 men, whereas in the autumn his following numbers thousands.

"4. Letter may have been sent by merchant desirous of manipulating market which is in a critical state, or by Talib, who would doubtless like to know how much of Basra our ships would protect in case of trouble.

"5. Nevertheless it is certain that Ajemi has telegraphed to the Minister of the Interior several times recently complaining of Vali's attitude, and saying that he cannot avoid attack on Basra unless Talib be removed. In view of this, the intention of the Minister of the Interior to appoint Talib Vali, as stated in your telegram No. 42, is fantastic, and if carried out will certainly cause serious trouble sooner or later. Ajemi has no quarrel with the Government, but he has sworn to have the blood of Talib, whom he considers as the murderer of his father.

"6. Basra needs a Vali who will keep both Talib and Ajemi in order, and not sacrifice one to the other."

[30651] No. 17.

Sir L. Mallet to Sir Edward Grey.—(Received July 7.)

(No. 414.)
(Telegraphic.) R. *Constantinople, July* 6, 1914.

APPOINTMENT of Talib as Vali at Basra.

My immediately preceding telegram, paragraph 5.

I will speak to the Minister of the Interior at an early opportunity.

[30069]

No. 18.

Sir Edward Grey to Sir L. Mallet.

(No. 297.)
(Telegraphic.) R.

Foreign Office, July 7, 1914.

YOUR telegram No. 405 of 3rd July: Mesopotamian oil concession.

It may be necessary for Turkish Petroleum Company to constitute a subsidiary Ottoman company to work Mesopotamian concession, but, as you say in your telegram No. [illegible] of 30th June, these matters should be conducted by Company's representatives. Question of presence of Turkish director, though there may be means of providing for this, is not a minor point, in view of protracted negotiations between the several parties respecting distribution of shares and representation on the board, which preceded the agreement reached in London on 19th March last. It might have the effect of depriving the British element of control, and, though question must be settled by the Company with the Ottoman Government, I hesitate to abandon lever of monopolies agreement until it has been settled. At the same time I have no wish or intention to convey any threat to the Grand Vizier. As to payment of indemnity to third parties, the Company have always appreciated that they would have to compensate in some form or other (probably in the same way as the Anglo-Persian Company did in Persia) the local inhabitants who have derived profit from the wells in the past. As to other claimants, such as those indicated in the second paragraph of your Excellency's telegram No. 405, if the Ministry of Finance would furnish a list of them, and the Ottoman Government would give an assurance that the list was complete and that they considered the claimants, who plead under the Mining Law, were without any valid title, it might be possible to induce Turkish Petroleum Company to indemnify the Ottoman Government. But what Company particularly object to is an unlimited liability, which has been rendered still more formidable by the decision of the Council of State on 4th June (a decision which, according to Silley, merely confirmed one given two years before), and by the unfortunate indiscretion by which it has become generally known.

As to Silley, whilst I am mindful of the arguments contained in Foreign Office letter of 20th May to his solicitors, an answer must now be sent to the reply which that letter evoked, and I should therefore be glad to receive a detailed reply to the last paragraph of my telegram No. 292 of 2nd July, and to learn what is the exact position of the Council of State. Silley maintains that the decision corresponds to a judgment of the House of Lords. A copy of latest correspondence with his solicitors will reach you by post.

[30629]

No. 19.

Sir Edward Grey to Sir L. Mallet.

(No. 298.)
(Telegraphic.)

Foreign Office, July 7, 1914.

YOUR telegram No. 412 of 6th July: Mesopotamian oil concession.

I have expressed no apprehensions to Hakki Pasha respecting Silley. He has merely been asked what is the effect of decision of Council of State, but I have carefully refrained from raising any doubts respecting legality of decision recorded in your Excellency's despatch No. 172 of 1st July.

[30575]

No. 20.

Sir Edward Grey to Sir L. Mallet.

(No. 299.)
(Telegraphic.)

Foreign Office, July 7, 1914.

YOUR telegram No. 110 of 6th July: Oil concessions in Nejd.

We had fully considered question of introducing Turkish Petroleum Company into Nejd and Basra, as 50 per cent. of capital and chairman will be British, its constitution is less open to objection than any other oil company apart from Anglo-Persian, which, for political reasons, it is inexpedient to introduce into Turkey. Pearsons are not acting for themselves alone, but for an international syndicate. Moreover, settlement reached with Germany lessens danger of German consular intrigues in Nejd or El Hasa, while I can think of no arrangement that would eliminate it altogether.

Company have, I understand, already addressed certain applications to Vali of Basra in respect of areas both in Basra and Nejd, but most satisfactory course in regard to those provinces would still be for company's agents in Constantinople to make direct agreement with Silley at early date.

As to Bin Saud, I am consulting India Office, but I should be glad to know when his appointment as Vali is likely to be publicly announced, and I think, in view of agreement reached with him by Ottoman Government, that there is no longer any adequate reason for deferring settlement as to our own interests in Nejd and El Hasa, to which India Office attach much importance. Hakki Pasha has asked for authority to discuss question, and he is fully cognisant of our wishes. It would be satisfactory to all concerned if this question, which should not entail lengthy negotiation, could be frankly discussed at once.

[24651] No. 21.

Foreign Office to Treasury.

Sir, *Foreign Office, July 8, 1914.*

I AM directed by Secretary Sir E. Grey to state, for the information of the Lords Commissioners of the Treasury, that negotiations have for some time been proceeding between His Majesty's Government and the Ottoman Government, represented by Hakki Pasha, who has been in London for the purpose, for the arrangement of various questions outstanding between the two Governments.

Amongst these questions is that of the settlement of a considerable number of British pecuniary claims against the Turkish Government. As a result of the negotiations, it has been agreed to refer these claims to arbitration, and I am to transmit to you herewith a copy of the draft convention which has been drawn up accordingly and initialled *ad referendum* providing for a settlement by arbitration, together with a list of the claims which it is at present proposed to present to the Turkish Government.*

Their Lordships will observe that the draft convention provides for the formation of an arbitral tribunal composed of three members, to be paid at the rate indicated in article 12, and that each Government are to pay their own expenses and one-half of the expenses of the tribunal.

No provision has been inserted, such as appeared in the Claims Convention recently signed with the United States, and with which their Lordships are familiar, for defraying the expenses of the arbitration by a deduction of a certain percentage from the amounts eventually to be awarded to claimants. It was felt that, as there were no claims against His Majesty's Government, there was no need to make the question of the expenses of the arbitration a matter of agreement with the Porte. I am, however, to suggest, in accordance with the precedent followed in the case of the claims against the Mexican Government, that the expenses to be incurred by His Majesty's Government in connection with this arbitration might be a direct charge on the claimants, recoverable by a deduction of not more than five per cent. from the amounts awarded.

Sir E. Grey would be glad to receive their Lordships' observations on this suggestion, and I am to express the hope that they may sanction generally the proposals relating to the financial arrangements of the arbitration.

As the negotiations are to be concluded very shortly, Sir E. Grey would be grateful if their Lordships would give the matter their earliest consideration.

I am, &c.
EYRE A. CROWE

[31134] No. 22.

Hakki Pasha to Mr. Parker.—(Received July 9.)

Claridge's Hotel, Londres,
le 9 juillet, 1914.

Mon cher Mr. Parker,

VOICI les renseignements que le Ministère Impérial des Affaires Étrangères vient de me fournir en réponse à mes communications relatives aux démarches que Mr. Silley, sujet britannique, avait faites auprès du Foreign Office relativement à ses prétendus droits sur certains puits pétrolifères dans les vilayets de Mosoul et de Bagdad.

En vertu de la loi ottomane sur les mines lorsque le Département des Mines hésite sur la question de savoir s'il y a lieu d'approuver ou de rejeter le permis de recherches accordé par le Conseil administratif d'un vilayet, il doit en référer à la Sublime Porte, dont la décision devra être revêtue de la sanction Impériale. Dans le cas qui nous occupe, le Département minier avait envoyé au vilayet de Bagdad l'ordre télégraphique d'ajourner toute décision définitive jusqu'à nouvel avis, et quoique à la date du 26 décembre, 1328 (1912), le Conseil d'État eût donné une décision favorable à l'octroi des permis et que le Grand Vizir alors avait agréé cette décision, celle-ci n'a pas été revêtue de la sanction Impériale.

D'autre côté, un firman Impérial émané du temps de l'ex-Sultan Abdoul Hamid Khan II avait accordé au Ministère de la Liste civile la concession pour toutes les sources pétrolifères découvertes et à découvrir dans les deux vilayets de Bagdad et de Bassora, et ladite concession, après la déposition de l'ex-Sultan, est devenue, en même temps que d'autres biens de la Liste civile et en compensation de son passif, mis à la charge du Ministère des Finances, propriété dudit Ministère des Finances.

Mr. Silley ne peut donc se prévaloir d'aucun droit acquis pour prétendre à des concessions pétrolifères, pas plus qu'à une indemnité.

Bien sincèrement à vous,
I. HAKKY

[31125] No. 23.

Sir L. Mallet to Sir Edward Grey.—(Received July 9.)

(No. 419.)
(Telegraphic.) *Constantinople, July 9, 1914.*

YOUR telegram No. 299 of 7th July: Mr. Silley's oil concessions.

Silley's Turkish partner, Mehmet Fakhri, has, through the two intermediaries, intimated to Stock that he is anxious to treat with the Turkish Petroleum Company. Stock is encouraging negotiations. In these circumstances, further intervention on my part to bring Silley and the company together would be inadvisable.

[31139] No. 24.

Sir L. Mallet to Sir Edward Grey.—(Received July 9.)

(No. 421.)
(Telegraphic.) *Constantinople, July 9, 1914.*

YOUR telegram No. 299 of 7th July.

Bin Saud was appointed Vali of Nejd yesterday.

Minister of the Interior tells me that according to the agreement made with him he cannot enter into direct relations or make treaties with foreign Powers.

He said that Hakki Pasha had already telegraphed that you were enquiring on the subject, and that he had given him instructions as to what to answer.

I did not continue the discussion, as it is being conducted in London.

[31140] No. 25.

Sir L. Mallet to Sir Edward Grey.—(Received July 9.)

(No. 422.)
(Telegraphic.) R. *Constantinople, July 9, 1914.*

FOLLOWING sent to Basra to-day No. 44:—

"Your telegram No. 63.

"I have seen Minister of the Interior who has abandoned appointment of Talib

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* Not printed.

as Vali. He is withdrawing present Vali and is appointing a colonel to proceed to Basra to act *ad interim*. He will endeavour to find a strong and impartial Governor who will keep both Ajemi and Talib in order."

[32238]

No. 2.

Convention respecting Pecuniary Claims against the Imperial Ottoman Government, dated July 9, 191[illegible].

SA Majesté le Roi du Royaume-Uni de Grande-Bretagne et d'Irlande et des Territoires britanniques au delà des Mers, Empereur des Indes, d'une part, et
Sa Majesté l'Empereur des Ottomans, d'autre part;
Désireux tous deux de soumettre à l'arbitrage certaines réclamations d'ordre pécuniaire,
Ont nommé pour leurs Plénipotentiaires, savoir:

Sa Majesté le Roi du Royaume-Uni de Grande-Bretagne et d'Irlande et des Territoires britanniques au delà des Mers, Empereur des Indes: le Très Honorable Sir Edward Grey, Baronnet du Royaume-Uni, Chevalier du Très Noble Ordre de la Jarretière, Membre du Parlement, Principal Secrétaire d'État de Sa Majesté pour les Affaires Étrangères;
Sa Majesté l'Empereur des Ottomans: Son Altesse Ibrahim Hakki Pacha, ancien Grand Vézir, décoré des Grands Cordons des Ordres Impériaux de l'Osmanié et du Medjidié en brillants;

Lesquels, s'étant communiqué leurs pleins pouvoirs, trouvés en bonne et due forme, sont convenus de ce qui suit:

1. Les réclamations pécuniaires des sociétés, firmes et [illegible] personnes, de nationalité britannique, ou qui jouissent de la protection de Sa Majesté britannique, contre le Gouvernement Impérial ottoman, comprises, [illegible] les dispositions de l'article 5, aux annexes de la présente convention, seront soumises à l'arbitrage de la manière suivante:

2. Un tribunal arbitral composé de trois membres sera constitué comme il suit:

Le Gouvernement de Sa Majesté britannique et le Gouvernement Impérial ottoman nommeront chacun un arbitre.

Un surarbitre, [illegible], ni sujet britannique ni sujet ottoman, sera choisi d'un commun accord par le Gouvernement de Sa Majesté britannique et le Gouvernement Impérial ottoman. Dans le cas où les deux Gouvernements ne tomberaient pas d'accord à cet égard, ils inviteront Sa Majesté la Reine des Pays-Bas à bien vouloir choisir le surarbitre.

En cas de décès, de démission ou d'empêchement, pour quelque cause que ce soit, de l'un des arbitres, il est pourvu à son remplacement selon le mode fixé pour sa nomination.

3. Sous réserve des dispositions des articles 6 et 7 de la présente convention, le tribunal ainsi composé examinera et décidera sur les réclamations comprises aux annexes ci-jointes, et il fera de même pour toute réclamation [illegible] qui y serait ajoutée par le Gouvernement de Sa Majesté britannique [illegible] dispositions de l'article 5.

4. Les réclamations qui seront soumises à l'arbitrage sont insérées dans les deux listes ci-annexées sous les catégories (a) et (b). La liste (a) comprend les réclamations antérieures au 22 juillet, 1908, et la liste (b) celles qui sont postérieures. En marge de ces listes il est indiqué respectivement les réclamations admises ou rejetées en principe par le Gouvernement Impérial ottoman.

5. Le Gouvernement de Sa Majesté britannique aura le droit, pendant un délai de six mois à partir de la signature de la présente convention, d'ajouter à la liste (a) d'autres réclamations de la même nature qui, ayant été déjà communiquées au Gouvernement Impérial ottoman ou aux autorités Impériales, soit par le canal de l'Ambassade ou des consulats britanniques, soit directement par les réclamants, auront été omises lors de l'élaboration de la liste.

En ce qui concerne ces réclamations supplémentaires, l'agent du Gouvernement Impérial ottoman aura, dès l'ouverture des séances du tribunal, à lui indiquer celles qui sont admises en principe par le Gouvernement Impérial ottoman.

6. Quant aux réclamations admises en principe par le Gouvernement Impérial ottoman et où le chiffre du montant ou l'allocation d'intérêts seraient seuls en litige, le tribunal n'aura qu'à arrêter la somme à payer. Quant aux autres réclamations, le tribunal aura à décider d'abord sur le mérite des cas, et ensuite, le cas échéant, sur le montant de l'indemnité et de l'intérêt.

7. Les réclamations contestées en principe par le Gouvernement Impérial ottoman seront décidées conformément aux principes suivants:

(a) Les réclamations qui concernent soit des arrangements ou des contrats passés entre les réclamants et le Gouvernement Impérial ottoman, soit l'exercice de droits [illegible] dans les territoires ottomans, [illegible] conformément [illegible] droit, privilège ou [illegible] par les lois ottomanes [illegible] contrat, concession ou [illegible] question, et en conformité des dispositions de la loi que le tribunal arbitral [illegible] les traités existant entre l'Empire ottoman et la Grande-Bretagne.

(b) Si les réclamations [illegible] par la clause (a) du présent article, le tribunal [illegible] du droit international, [illegible] contester, il sera jugé selon les dispositions [illegible]. À défaut de telles dispositions ou d'un tel principe, il sera jugé selon la justice et l'équité.

8. Les jugements et décisions rendus par le tribunal, et par la majorité de ses membres, sont définitifs et sans appel.

9. La langue officielle du tribunal sera le français, mais les documents invoqués à l'appui des réclamations [illegible] présentés [illegible] en anglais [illegible], sans [illegible] par le tribunal [illegible] sera fondé à exiger, s'il le juge nécessaire, une traduction française certifiée de tout document ainsi présenté.

10. Le tribunal se réunira à Constantinople [illegible] ses séances [illegible].

11. Les arbitres [illegible] recevront chacun, outre leurs frais de voyage et pendant la durée [illegible], une somme de [illegible],000 fr. par mois, représentant leurs frais de séjour et honoraire.

12. Chaque Gouvernement aura à sa charge ses propres frais et la moitié des frais du tribunal.

13. Chaque Gouvernement nommera pour le représenter devant le tribunal un agent assisté de tels autres avocats qu'il jugera nécessaire.

14. Le tribunal aura le droit d'établir les règles de procédure [illegible] pour l'expédition de ses travaux, et de déterminer la forme, l'ordre et les délais dans lesquels les diverses [illegible] les formalités requises pour l'audition [illegible] des preuves.

[illegible] les deux arbitres [illegible] règle de procédure, l'accord [illegible] question [illegible] tribunal.

15. Les sommes adjugées par le tribunal en vertu de chaque réclamation seront payées par le Gouvernement Impérial ottoman au Gouvernement de Sa Majesté britannique dans les six mois après la date de la décision arbitrale relative.

16. (a) Les réclamations définitivement rejetées par le tribunal ne formeront pas l'objet de représentations diplomatiques ultérieures par le Gouvernement de Sa Majesté britannique et ne pourront être portées devant les tribunaux.

(b) Les réclamations basées sur des circonstances antérieures au 22 juillet, 1908, qui n'auront pas été soumises au tribunal ne formeront pas à l'avenir l'objet de représentations diplomatiques par le Gouvernement de Sa Majesté britannique. Les réclamants en pareils cas conserveront toutefois leur droit de recourir à la justice en conformité des lois ottomanes.

(c) Les dispositions de la présente convention ne porteront nullement atteinte aux réclamations non soumises au tribunal et dérivant de circonstances intervenues entre le 22 juillet, 1908, et la date de sa signature; la situation des réclamants en pareil cas n'en sera nullement modifiée.

17. La présente convention sera ratifiée et les ratifications seront échangées aussitôt que faire se pourra et au plus tard dans un délai de quatre mois.

En foi de quoi, les Plénipotentiaires respectifs ont signé la présente convention et y ont apposé leurs cachets.

Fait à Londres, en double original, le 9 juillet, 1914.

(L.S.) E. GREY
(L.S.) I. HAKKY

Annexe

LISTES DES RÉCLAMATIONS

Note.—Les lettres "A" "B" et "C" placées à la troisième [illegible] de la liste, en marge des diverses réclamations, ont la signification suivante:—

"A" indique que le Gouvernement Impérial ottoman [illegible] en principe la réclamation.
"B" indique que le Gouvernement Impérial [illegible] Sa Majesté [illegible] droit de présenter [illegible] sous cette [illegible] sa responsabilité.
"C" indique que la réclamation est rejetée en principe par le Gouvernement Impérial ottoman.

Première Liste—Catégorie (a)

Réclamations antérieures au 24 Juillet, 1908

No.	Nom		Somme approximative en livres sterling (non compris les intérêts)	Nature de la Réclamation
			£ s. d.	
1	Arnold	A	77 15 [illegible]	Paiement pour [illegible] fournies au Ministère de la Marine ottomane
2	Arvanitides	B	475 2 6	Arriéré de [illegible] pension
3	Beirut [illegible]	A	751 2 [illegible]	A[illegible]
4	[illegible] (Congrégationalistes) [illegible] El Kalaf	C	188 1 4	[illegible] 1906
5	Sujets maltais [illegible] Benghazi	C	7,000 0 0 (environ)	Propriétés de sujets maltais [illegible] Benghazi [illegible] 19[illegible]
6	Castelli [illegible]	C	3,481 8 1	Marchandises [illegible] autorités [illegible]
7	Corsi	A	15,894 [illegible] 6	Jugement [illegible] contre le Trésor ottoman
8	Edwards	C	38,18[illegible] [illegible] [illegible]	Long Island (île de [illegible]). Réclamation pour dédommagement et reconnaissance [illegible] l'État
9	England	C	415 10 0	Marchandises saisies par les autorités militaires en 1904
10	Freaghan	A	1,6[illegible] 12 4	Jugement rendu pour [illegible] par l'administration de [illegible] Compagnie [illegible] Le montant de la réclamation sera augmenté par l'accumulation des intérêts prévus au jugement
11	[illegible]	C	3,863 2 0	Marchandises [illegible] à Arkib et Cie. par les autorités militaires à Tripoli
12	Ho[illegible]	C	512 10 0	Munitions fournies à un vaisseau de guerre ottoman. La compagnie possède un mandat pour la somme indiquée
13	Manchester Engineering Company (Stalybridge)	C	392 19 7	Réclamation contre le Ministère de la Marine
14	Nelson, King et Alderson	A	1,150 0 0	Arriéré de solde
15	N[illegible] Bey	A	100 0 0	" "
16	Pa[illegible]	A	960 0 0	Arriéré de pension
17	P[illegible]	C	71 12 9	
18	[illegible]	A	412 17 10	Biens fournis en 1874 au feu Sultan Murad V
19	S[illegible]	C	123 14 10	Arriéré de solde et de pension
20	Sa[illegible]	C	28 [illegible] [illegible]	Arriéré de pension
21	Sw[illegible]	A	100 0 0	Jugement déjà rendu contre le Trésor ottoman
22	Tucker	A pour [illegible] C pour [illegible]	628 16 2	Marchandises fournies au Ministère de la Marine [illegible] l'Administration [illegible]
23	Vella	C	39 7 6	Marchandises [illegible]
24	Vincent [illegible] Atkinson et Curtis	C	[illegible]30 9 10	Arriéré de solde. La somme est portée à la liste [illegible] nécessité de recherches ultérieures y est également [illegible]
25	Whit[illegible]	A	[illegible] 12 6	Arriéré de subvention à un journal [illegible] Herald

E. GREY
I. HAKKY.

Deuxième Liste. Catégorie (b).

Réclamations postérieures au 23 Juillet 1908

No.	Nom		Somme approximative en livres sterling (non compris les intérêts).	Nature de la Réclamation.
101	Abdul Ghani Mera	B	Inconsidérable	[illegible] pendant les [illegible]
102	Anglo-Syrian Trading Company	A	£ s. d. 6?? 7	[illegible]
103	British and Foreign Bible Society	C	1 0 0	[illegible]
104	Sujets britanniques (Constantinople)	[illegible]	1?0 0 0	[illegible]
105	Sujets britanniques (Constantinople-Salonique)	C	2,650	Mesures [illegible]
106	Sujets britanniques (Gaza)	[illegible]	Non spécifiée	[illegible]
107	Sujets britanniques (Le Hedjaz)	C	£ s. d. 2,507 4 2	[illegible]
108	Idem	[illegible]	?87 2 0	[illegible]
109	Sujets britanniques ([illegible])	C	?40 0 0	[illegible]
110	Idem	[illegible]	[illegible]	[illegible]
111	Sujets britanniques (San Stefano)	C	1,[illegible]	[illegible]
112	Sujets britanniques ([illegible])		Non spécifiée	[illegible]
113	Idem	C	£ s. d. 98 [illegible] 6	[illegible]
114	Browne, Rev. W. H.	[illegible]	108 0	[illegible] Kurdes en 1904
115	Bugeya	[illegible]	[illegible] 0	[illegible]

No.	Nom		Somme approximative en livres sterling (non compris les intérêts).	Nature de la Réclamation.
116	Butterworth	C	£ s. d. 4,000 0 0	M. [illegible] Butterworth fut assassiné à [illegible]
117	[illegible]	C	20,000 0 0	Réclamation [illegible] Liste [illegible] portées à la [illegible] Le tribunal [illegible] surplus.
118	[illegible]	A	150 0 0	[illegible] des [illegible]
119	[illegible]	[illegible]	3?0 [illegible] 0	[illegible] appartenant [illegible] sujets britanniques.
120	[illegible]	C	?72 14 0	[illegible]
121	[illegible]	C	900 0 0	[illegible] de la gendarmerie.
122	[illegible] d'Salonica, Ltd.	C	?56 [illegible] 0	[illegible] Monastir [illegible]
123	[illegible]	C	[illegible]	[illegible] les soldats [illegible]
124	[illegible]	C	1 0 0	[illegible]
125	[illegible]	C	4 ? 0 (environ)	[illegible]
126	[illegible] Co-operative Society	[illegible]	[illegible] 0 [illegible]	[illegible]
127	[illegible]	C	271 [illegible] 0	[illegible]
128	[illegible]	C	?78 0 0	[illegible]
129	[illegible]	A	212 12 9	[illegible] les autorités [illegible]
130	[illegible]		1?? 1? ?	[illegible]
131	[illegible]	C	25 [illegible] 0	[illegible]
132	[illegible]	A	67 0 0	[illegible]
133	[illegible] A	C	?1 [illegible] 0	[illegible] de la [illegible]
134	[illegible] Avram	C	Non spécifiée	[illegible] Monastir.
135	[illegible] Alana	C	£ s. d. 600 0 0	Le capitaine [illegible] assassiné à Bassora.

No.	Nom		Somme approximative en livres sterling non compris les intérêts.	Nature de la Réclamation.
136	Khedivial Steamship Company	C	Non spécifiée	Mulets mis en réquisition [illegible]
137	"Lataria"	C	£ s. d. 3,571 14 5	Réclamation formulée par la compagnie [illegible]
138	Lynch (Messrs.)	C	Non spécifiée	Droits d'importation [illegible]
139	"Manoussis"	C		Saisie [illegible]
140	Marc	C	£ s. d. 50 0 0	[illegible]
141	Oriental Carpet Company	C	Non spécifiée	[illegible]
142	Idem	C	£ s. d. [illegible] 1 6	[illegible]
143	Ottoman Gas Company (Smyrna)	C	Non spécifiée	[illegible]
144	Paterson	A	£ s. d. 19,4[illegible]0	[illegible]
145	Psaras	A	[illegible] 0 0	[illegible]
146	[illegible]	C	[illegible] 1 [illegible]	[illegible]
147	[illegible]	C	12 [illegible] 0	[illegible]
148	"[illegible]" "Elpis"	[illegible]	[illegible] 10 0	[illegible]
149	[illegible]	C	[illegible] 0 0	[illegible]
150	[illegible]	C	Non spécifiée	[illegible]
151	[illegible]	C	£ s. d. 2,[illegible]	[illegible]
152	Warren Brothers	C	340 [illegible] 0	[illegible]
153	Whittall	C	2[illegible] 0 0	[illegible] aux Dardanelles pour l'armée [illegible]
154	Whittall (J. W.)	A	[illegible]	[illegible] s'est engagée à faire payement à la fin de la guerre.

No.	Nom		Somme approximative en livres sterling non compris les intérêts.	Nature de la Réclamation.
155	Whittall (J. W.)	A	Non spécifiée	Orge fournie aux autorités à Rodosto.
156	Whittall (C.)	A	£ s. d. [illegible] 0	Les autorités aux Dardanelles et à Geikli ont renoncé à leur engagement de prendre livraison ou de payer le prix, d'une fourniture d'orge. Il y a aussi une réclamation pour des dommages-intérêts éventuels.
157	Zarb	C	93 10 0	Accessoires d'automobile fournis aux autorités militaires à Monastir.
158	Zarb	C	97 [illegible] [illegible]	Somme déposée comme caution au tribunal ottoman à Monastir.

E. GREY.
I. HAKKY.

[31293] No. 27.

Sir L. Mallet to Sir Edward Grey.—(Received July 10.)

(No. 123. Confidential.)
(Telegraphic.) *Constantinople, July* 10, 1914.

MY telegram No. 118 of 8th July: Railway concession in Arabia.

Crawford finds that there is a sub-clause in French convention reserving right to Hedjaz Railway to build branch lines east and west of line between Damascus and Maan. If by any chance these lines are required and are not built by Hedjaz Railway, they will be built by Damascus-Homs Railway Company.

Grand Vizier was quite probably ignorant of this. His Highness said that never under any circumstances would they allow foreigners to build any branch lines of Hedjaz lines.

[31307] No. 28.

Sir L. Mallet to Sir Edward Grey.—(Received July 10.)

(No. 124.)
(Telegraphic.) *Constantinople, July* 10, 1914.

YOUR telegram No. 297 of 7th July: Mesopotamian oil concession.

I understand that Government have instructed Hakki Pasha to withdraw [illegible] clause in note concerning lease of oil-wells.

Indemnity had reference only to claims for reimbursement of expenses in three cases where "permis" had been applied for, which will be a small matter to be covered by a condition in contract lease.

This seems quite satisfactory.

[31123]

No. 29

Sir Edward Grey to Sir L. Mallet.

(No. 306.)
(Telegraphic.) R. *Foreign Office, July 11, 1914.*

HAKKI PASHA has made the following official communication:—

"An Imperial firman nominates Bin Saud Governor-General and Commander-in-chief of Nejd. He has the powers of a Vali and the right to create a local militia to ensure order and public security in Nejd.

"Garrisons will be established on the coast and their strength will be increased if Bin Saud so requests.

"Bin Saud will not have the right to conclude treaties or to contract engagements with foreign Powers. He will not have the right to grant concessions.

"He is bound always to respect the treaties between the Ottoman Empire and other States.

"Foreigners in Nejd may apply in regard to their interests and business in accordance with treaty provisions to the local authorities and to Bin Saud in his capacity of Vali."

Hakki Pasha says that in regard to [illegible] affairs [illegible] communications to the Sublime Porte [illegible] Excellency [illegible] to [illegible] I should be glad therefore [illegible] what course you now suggest in regard to applications [illegible] 1913.

[31619]

No. 30

Sir L. Mallet to Sir Edward Grey.—(Received July 13.)

(No. 488.) *Constantinople, July 7, 1914.*

Sir,

I HAVE the honour to forward [illegible] His Majesty's consul at Adrianople [illegible] state of the Adrianople vilayet for the past [illegible].

I have, &c.
LOUIS MALLET.

Enclosure in No. 30.

[illegible] to Sir L. Mallet.

(No. [illegible]) *Adrianople, June [illegible], 1914.*

Sir,

I HAVE the honour to submit [illegible] state of the Adrianople vilayet during the quarter [illegible].

Greek Emigration.

The chief matter of interest during the past three months has been the forced emigration of the Greek peasants [illegible] chiefly to the [illegible] villages in the neighbourhood of Lule Burgas [illegible] I have already expressed to your Excellency [illegible] the work of agents of the authorities [illegible] Greek Government [illegible] inspector [illegible] vilayet, who finally [illegible] of his Government [illegible] recently [illegible] the capital [illegible] purely Moslem [illegible] accepted.

My previous despatch [illegible] for some time at to ensure the [illegible] of the Greeks. It is hardly [illegible] they were successful, for [illegible] character of [illegible] newly arrived emigrants who were employed [illegible] task was such [illegible] thoroughly intimidate the Greek peasants, who were however fully [illegible] the complicity of the Government in the matter. The [illegible] may be said to have practically

terminated with the visit of the Minister of the Interior to Chorlu, where he conferred with Haji Adil Bey on the 28th April, and though occasional cases are said to have occurred near Rodosto and Lule Burgas during the third week in May, for the present, at least, it may be considered at an end. It has resulted in the diminution of the Greek population of the vilayet by not less than 30,000 persons.

Moslem Immigration.

This exodus has been counterbalanced by an influx of Moslems, chiefly from Macedonia and Bulgaria, whose numbers are stated by the authorities to slightly exceed 60,000. [illegible] that he expects it to reach [illegible] Macedonia [illegible] faced with the difficult problem of [illegible] with the settlement of [illegible] Constantinople, Kesan, practically all the Moslem [illegible] between [illegible] Bulgarian [illegible] vilayet [illegible] villages [illegible] authorities to [illegible] their [illegible] villages [illegible] Bulgaria [illegible] for [illegible] Government [illegible] exists [illegible] by that from [illegible] Macedonia [illegible] frequently [illegible] food. It was clear that they [illegible] of the Ottoman Government [illegible] food [illegible] whilst [illegible] been [illegible].

[illegible]

The [illegible] with a view to [illegible] great [illegible] Government is prepared to pay [illegible].

[illegible]

The [illegible] for some time [illegible] resources of the [illegible] present [illegible] expenses whilst taking such [illegible] times [illegible] has been suspended [illegible] Moslem [illegible], the inhabitants of which [illegible] Bulgaria [illegible] of the Ottoman [illegible] 1913. I understand that there is [illegible] the hands of the authorities, which [illegible] embargo [illegible] has during the past year existed on the export of grain from the vilayet. The [illegible] food of the villagers is maize, of which a sufficient quantity has been sown to provide food until the next harvest for the original inhabitants of the district, and possibly about 20,000 of the more recent immigrants. So far, however, as present indications enable an opinion on the subject to be formed, it seems probable that the Government will be called upon to support, until August of next year, the remaining 40,000 refugees, together with any others which may in the meantime arrive. Accepting the Vali's figure of 4[illegible],600 as the number of the probable arrivals between the present date and the close of March next, it seems fair to assume that this additional number will require to be supported for an average of eight months per person. Estimating the cost of food at 2s 6d per person per month, the total cost of subsistence of refugees for the coming year may be taken as 100,000*l*. This is, however, irrespective of the sum required for their settlement, which includes the provision of dwellings, cattle, agricultural implements, and other necessaries.

Proposed Loan.

To meet the abnormal expenditure of the next two or three years, the Vali is anxious to raise a loan of 1,000,000*l*. to be devoted to the settlement of the refugees, the rebuilding of the town of Keshan, and the provision of agricultural machinery. In discussing with him the question of security he informed me that the vilayet had none to offer, but that the Finance Minister was prepared to guarantee a sum of 50,000*l*. yearly to the vilayet which could be set aside for interest and sinking fund of the loan. As the guarantee of the Ottoman Government is indispensable in the matter, it seems clear that the loan must be raised by the Finance Minister, who will be prepared, so I understand from the Vali, to discuss the matter in October next.

Future Prospects.

During the last week in May a representative of the Austro-Hungarian Government visited Adrianople for the purpose of studying the economic situation. In the course of a visit which he paid to the Vali, the latter stated that he considered the future of the vilayet was purely agricultural. The loss of Dedeagatch as a port he considered a serious matter. He was therefore anxious to see the construction of a Maritza–Rodosto line of railway which would cheapen the transport of exports and imports. Endeavours to induce the Ottoman Railway Company to lower their rates between Adrianople and Constantinople have not been successful. On the question of the acquirement of land by foreigners for agricultural purposes, he declared that whilst he would welcome the introduction of a few foreigners whose methods local cultivators might copy, he would discourage the acquirement by them of large holdings.

Commercial Situation.

Commerce is at present at a very low ebb at Adrianople. Depending as it does for its trade almost entirely on the agricultural population, the fact that the vilayet has been for the past twenty months practically [illegible] has necessarily [illegible] greatly to the detriment of trade. The existing state of commercial affairs has recently engaged the attention of the Vali who on the 21st May invited a number of representative business men to meet him at the Municipal offices. In reply to his enquiry as to why traders were so reluctant to do business at the present moment he was informed that the uncertain condition of the political situation was largely responsible for it. He was further given to understand that the expulsion from the district of certain sections of the Greek population had considerably enhanced the difficulties of the situation. The departure from neighbouring towns and villages of prominent Greeks, most of whom had been [illegible] of Adrianople firms, meant a substantial loss to the latter, who were unwilling to risk a recurrence of it. The Vali is said to have assured those present that there was no [illegible] taking place at Adrianople, and encouraged them to [illegible] give [illegible] to trade. It does not, however, appear probable that any revival in this will take place before August 1914, when the export of grain [illegible] will commence. A number of grasshoppers have recently made their appearance in certain districts but do not appear to have caused any serious damage to the crops and vegetation. The authorities recently issued an order under which all male inhabitants of this town were obliged to bring three okes weight of these insects to the [illegible] under penalty of a fine of [illegible]. The gipsy population have been prepared to supply would-be purchasers with the requisite quantity at one medjidieh (3s. 4d.) per oke.

Gendarmerie.

A gendarmerie commission, under the presidency of Lieutenant-Colonel Nye, a British officer, has visited the vilayet during the past quarter for the purpose of settling the effective of the gendarmerie force for the district and its distribution. The Vali desired the number of gendarmes to be fixed at 2,[illegible] while the commission considered that 1,750 would be sufficient. Ultimately, I understand, a compromise was arrived at, the figure of 2,000 being agreed upon. The force appears to be nearly up to strength and has much increased in efficiency lately.

Three companies of frontier guards are at present employed in the protection of the frontier, with headquarters respectively at Kirk Kilisse, Adrianople, and Demotika. Each company has an effective of 400 men. This force, like the gendarmerie, are under the orders of the Minister of the Interior.

Oct[illegible].

The collection of Oct[illegible] duties still continues, the [illegible] from which is, I am informed, being devoted to [illegible]. A great deal of work of this nature [illegible] the [illegible] of the town. [illegible] the Vali [illegible] Hadji Adil Bey [illegible].

[illegible]

[illegible]

[illegible]

With the exception of [illegible] Moslem immigrants [illegible] Greek [illegible] The [illegible] Greek [illegible] appears to [illegible] Greek [illegible] and [illegible]

[illegible] by personal motives, there is [illegible] opposition to the present Government.

A Greek Consul, M. Mavroudis, arrived on the [illegible] April, and took possession of his post when [illegible] the resumption of [illegible] between the Ottoman and Hellenic Governments had [illegible].

I have, &c.
[illegible] R. SAMSON, *Consul.*

[31307] No. 31.

Sir Edward Grey to Sir L. Mallet.

(No. 307.)
(Telegraphic.) R. *Foreign Office, July 13, 1914.*

YOUR telegram No. 424 of 10th July: Mesopotamian oil concession.

In order that His Majesty's Government should be in a position to decide whether or not monopolies agreement can properly be signed before negotiations with Turkish Petroleum Company are concluded, or at any rate more advanced, they ought to know what participation Ottoman Government claim for themselves. How are negotiations progressing with company's representatives?

[31298] No. 32.

Sir Edward Grey to Sir L. Mallet.

(No. 308.)
(Telegraphic.) *Foreign Office, July 14, 1914.*

YOUR telegram No. 423 of 10th July: Railways concession in Arabia.

In view of right acquired by Damascus–Homs Railway Company, your Excellency should ask Grand Vizier for an assurance that that right will not be held to debar British interests from acquiring a concession in the future for a through line from the Mediterranean to the Persian Gulf.

There is no question of such a line at present, but it may some day be desirable in both British and Turkish interests, and His Majesty's Government trust that the Ottoman Government will agree that such an assurance is a reasonable precaution.

(Sent by post to Paris and Cairo.)

[32183] No. 33.

Sir L. Mallet to Sir Edward Grey.—(Received July 16.)

(No. 495.)
Sir, *Constantinople, July 11, 1914.*

IN obedience to the instructions contained in your telegram No. 297 of the 7th July, I transmit herewith a memorandum drawn up by Mr. Ryan on the legal effect of a decision of the Council of State.

I have, &c.
LOUIS MALLET.

Enclosure in No. 33.

Memorandum respecting Legal Effect of Decision of Council of State drawn up by Mr. Ryan.

TURKISH constitutional practice has always attached the greatest sanctity to the will of the Sovereign as intimated by iradé and embodied for all important purposes in Imperial firmans. The study of article 7 of the Constitution will show how extensive are the Imperial prerogatives, even under the Constitution. To say that a pronouncement of the Council of State or any other authority can of itself invalidate a firman would be repugnant to all ordinary Turkish ideas on the subject. The most that could be maintained, in my opinion, is that a decision of the Council of State on a matter which had already been the subject of an iradé might conceivably be so authoritative as to impose upon the executive a constitutional obligation to obtain a fresh expression of the sovereign will based upon it. This would result in the promulgation of a fresh iradé, and, if the earlier iradé had been embodied in a firman, the natural course would be to enshrine the new one in a new firman which would supersede the old. Subordinate departments would find their guidance not in the pronouncement of the Council of State as such, but in the new expression of the Sultan's will.

We thus come to the question whether a pronouncement of the Council of State in a matter like the present is so authoritative as to bind absolutely the responsible advisers of the Sultan. Before examining this question I would call attention to two points:—

1. There has been for many years, if not always, too much levity shown in manipulating Turkish institutions for the purposes of the moment, too little intelligent *esprit de suite* in the minds of the persons composing these institutions, and too defective a system of record to make it possible to say confidently on a given occasion that the precise legal effect of such and such a decision is, except, perhaps, in the case of purely judicial tribunals, [illegible]. This applies with special force to the Council of State.

2. It must never be forgotten that, under the Hamidian régime, the Sultan was the only [illegible] authority, and that Imperial [illegible] were the only sanction of [illegible] legislative enactments, [illegible] of ordinary matters of administration. So little was this [illegible] that after the restoration of the Constitution in 1908, it was [illegible] constitutional [illegible] as to the validity of the [illegible] Statutes [illegible] to have force of law until formally rescinded. I have been unable to trace any official statement of this principle, but there is no doubt as to the fact of its having been adopted with regard both to legislative and administrative articles of the old régime. The bearing of this is important, because if it be said that the firmans granting the concession of the Mosul and Baghdad oilfields to the civil list were issued regardless of the mining laws of the Empire [illegible], it can be retorted that proceeding from the same authority as the mining laws themselves, they had in themselves as much force as those mining laws and, as being particular and special enactments, more force for their own special purpose. This argument might be contested, but could not be ignored.

To return to the main question concerning the Council of State, article 2 of the organic Statute of the Council of State (dated the 2nd April, 1868 and printed in Young's "Corps de Droit ottoman," [illegible]) defines the functions of the Council. This Statute, though modified by subsequent legislation, is still the main enactment [illegible] principles governing the Council. The Constitution of the Empire, both as originally drawn up in 1876 and as modified since 1908, contains no definition of the Council's powers, [illegible] article 117, which [illegible] the texts [illegible] that the interpretation of the laws belongs to the Council of State in matters of [illegible]. A very wide construction might be put upon this brief expression, but it must be read in the light of the organic Statute which has never, as [illegible]. Of the seven [illegible] under article 2 of the organic Statutes Nos. [illegible] and 4 were, [illegible] from Hakki Bey's (now Hakki Pasha's) work on the administrative system, published in 1906, [illegible] many years ago. The remaining [illegible] so far as I am aware, still in force. Of them the only one which clearly confers on the Council the power to give judicial decisions is [illegible] which has no bearing on the special question now under consideration. Paragraph [illegible] has a more direct bearing, and though paragraph 2 implies a right of giving [illegible] decisions, its scope is limited by the qualification "dans les limites de ses [illegible]" [illegible] to translate from Hakki Pasha's work "in the measure conceded to it by [illegible] legislation." The remaining paragraphs [illegible] and 7 which [illegible] the Council's work [illegible] these paragraphs clearly limit its rôle to "examining and preparing." [illegible] this expression it is remembered that the Council can only consider matters referred to it by the Grand Vizier, and can report only to the Grand Vizier, though [illegible] correspond with [illegible] it is [illegible] to assist [illegible] for [illegible] purpose, [illegible] being [illegible] advisory body. The great [illegible] that, in the majority of cases, they [illegible] almost [illegible] that the [illegible] and that the Council of Ministers [illegible] them.

In order to [illegible] with [illegible] on this question, it would be [illegible] the Law Officers of the Porte and Councillors of State themselves. [illegible] it would be indiscreet to take this course, especially as [illegible] trustworthy opinions it would be necessary to define the particular issue. I have, however, caused the question in general terms to be addressed to an official of my acquaintance who has had a long experience of the Council of State, though in a subordinate capacity. My messenger reports his opinion in the following terms:—

« Quant à la question de savoir si les décisions du Conseil d'État sont de simple avis ou non, [illegible] catégoriquement [illegible] depuis plusieurs années le Conseil d'État est considéré le Mouchavir-i-Khass (i.e., "special counsellor") du Grand Vizirat. Donc le

Conseil des Ministres, qui est le pouvoir exécutif et dont le président est le Grand Vizir, a le droit d'accepter ou de rejeter toutes les décisions du Conseil d'État sans exception aucune. [illegible] ou la section législative [illegible] Conseil d'État est le seul compétent et le Conseil des Ministres peut ne pas accepter [illegible] de la susdite section. [illegible] que les décisions du Conseil d'État n'ont [illegible] caractère obligatoire pour le Gouvernement [illegible] c'est le Conseil des Ministres qui se prononce.

The only case of any personal [illegible] which it has been contended that a decision of the Council of State [illegible] matters [illegible] the Government [illegible] Whittall [illegible] 1911 [illegible] Messrs. Whittall [illegible] They [illegible] After the [illegible] of [illegible] Minister [illegible] Messrs. Whittall [illegible] The Council of Ministers [illegible] Messrs. W [illegible] Council of State [illegible] Messrs. W [illegible] the Council of State [illegible] of the Council [illegible] Hakki Pasha, then Grand Vizier [illegible] The latter was [illegible] Grand Vizier [illegible] Council of State [illegible] the Government [illegible] Messrs. Whittall's [illegible] of good [illegible]

[illegible] the [illegible] just [illegible] rather [illegible]

ANDREW RYAN.

[32286] No. [illegible]

Mr. [illegible] to Sir Edward Grey.—(Received July [illegible].)

(No. 1[illegible].)

(Telegraphic.) *Constantinople, July [illegible], 1911.*

YOUR telegram No. [illegible] of [illegible]

I [illegible] memorandum [illegible] Majesty's [illegible] agreement [illegible] send [illegible]

The German Ambassador has just returned from Berlin, but there is little chance of the negotiations being [illegible]. The Minister of [illegible] for Paris [illegible] of second [illegible] 300,000,000 fr. [illegible]

The Grand Vizier [illegible] conditions imposed by Germany are very stiff.

[24651] No. 35.

Sir Edward Grey to Sir L. Mallet.

(No. 4[illegible].)

Sir, *Foreign Office, July* 16, 191[illegible]

THE Convention providing for the settlement by means of arbitration of British [illegible] against the Turkish Government having now been signed, it is necessary to [illegible] consider [illegible] the steps which must be taken in order to give practical effect to that instrument.

The first point to be settled is the appointment of the agent who is to represent His Majesty's Government before the [illegible]. I trust that your Excellency will be able to suggest the name of [illegible] to act in this capacity. He should [illegible] of His Majesty's Embassy [illegible] thoroughly [illegible]. As regards the instructions to be issued to the British agent [illegible] in the subsequent part of this despatch [illegible] your Excellency's views in the instructions [illegible]

[illegible] at Constantinople, it will be necessary [illegible] legal arguments put forward [illegible] the agent's [illegible] will be [illegible] the legal [illegible] proceedings, &c., being [illegible] convenient that the printing should [illegible]

Steps should [illegible] further [illegible] arising before the 24th [illegible] 1908, which [illegible] the last [illegible] the Convention, and which, under the provisions of [illegible] the last within six months of signature.

[illegible] His Majesty's Government [illegible] in the press [illegible] persons [illegible] the agent of their claims. Your [illegible] without [illegible], can best be [illegible] Turkey.

It may [illegible] for the agent to [illegible] with a view to dealing [illegible] procedure [illegible] In doing so he should [illegible] Mr. Malkin's [illegible] February [illegible] despatch No. [illegible] of the [illegible] February last. [illegible] principles [illegible] by His Majesty's [illegible] arbitration. It [illegible] 10, and 12 [illegible] enclosed herewith [illegible] further consideration by the agent, whose [illegible] instructions will then be issued regarding [illegible]

[illegible] rules of procedure [illegible] the usual [illegible] would be drawn up by the two agents. [illegible] against [illegible] which has recently arisen [illegible] Government and [illegible] United States Government [illegible] appeared to regard the [illegible] were [illegible] rules of procedure [illegible] the tribunal [illegible] that the tribunal has [illegible] rules of procedure, on the ground that [illegible] the procedure [illegible] the agent [illegible] present arbitration is, like [illegible] the protocol [illegible] procedure of the Arbitration [illegible] danger that he [illegible] similar [illegible] regard [illegible] point, and it would be well to provide against this, if necessary, by specifying [illegible] rules of procedure [illegible] the control [illegible] the tribunal over the small points and questions that arise in regard to procedure.

As regards the lines on which the rules of procedure might be drawn up, I enclose herewith a copy of the rules now in force in the Claims Tribunal at Washington which may furnish a useful precedent.* It would, however, be possible to simplify the procedure and reduce the amount of oral argument and it will be advisable to make provision for a special procedure for dealing with those claims which are admitted in principle by the Turkish Government. An arrangement has recently been made at Washington respecting the procedure in the case of claims against the Newfoundland Government, with a view to restrict the oral arguments to (1) cases where the tribunal asked for it, and (2) cases where one or other Government thought it necessary to claim it. A copy of the note embodying this arrangement is enclosed herewith,* and it might be well to make a similar provision in the present arbitration.

Another point which might well be considered now is the appointment of the British arbitrator, and I should be glad to know whom your Excellency would suggest for this post as well as for that of umpire.

Your Excellency will observe from the convention,† of which a copy is enclosed herein, that it has not been found possible to adopt some of the suggestions put forward by Mr. Ryan in your Excellency's despatch No. [illegible] of the 11th March last.

It appears unnecessary now to go into the reasons for not following the draft, but it is perhaps as well to explain that his proposals regarding articles [illegible] and 15 of the draft enclosed in my despatch No. 8[illegible] of the [illegible] were not accepted because all cases will have to be presented to the tribunal by the British agent. The agent will, of course, work in close co-operation with His Majesty's Embassy, but this is a matter to be provided for in his instructions, and not in the [illegible] arrangement. Subject to these instructions and to the rules of procedure, it is for the agent to decide exactly what he is to require from the claimants.

I should be glad to receive your observations on this despatch, together with your views on any other points which may occur to your Excellency in connection with the whole question.

I am, &c.
E. GREY.

[29859] No. 36.

Foreign Office to Messrs. Treherne, Higgins, and Co.

(Confidential.)
Gentlemen, *Foreign Office, July 18, 1914.*

SECRETARY SIR E. GREY has, in view of the circumstances explained in your letters of the 23rd ultimo and the 1st instant, fully reconsidered the claims of your client Mr. Silley in respect of [illegible] Mosul [illegible] with a desire to support them so far as possible, but he [illegible] that Mr. Silley has no rights to [illegible] Mosul and Bagdad [illegible] which it would not be possible for him to make the subject of diplomatic representations to the Sublime Porte.

Five of Mr. Silley's claims in these vilayets are based on applications to the Ministry of Mines made by Ottoman subjects for prospecting licences. Mr. Silley's contention is that under the Turkish law such an application gives the applicant a right to the issue of the licence.

If Mr. Silley's option over the interests of these Ottoman subjects was acquired after the date on which the Ministry of Mines refused to issue the licences, he obviously acquired nothing more than an interest in the claims of Ottoman subjects against their own Government; such a position gives Sir E. Grey no *locus standi* to make diplomatic representations. When such representations are made it must always be borne in mind that the subject about which they are made may require to be referred to arbitration, and if the claims of a British subject acquired in the above way were referred to arbitration between Great Britain and the Ottoman Government the arbitration could only end in the dismissal of the claim. It is a well settled rule of international law that, in order to justify the submission to arbitration of a claim by one Power against another, it must be the claim of a national of the former Power from the time at which the claim arose, and the mere transfer of an interest in a claim from the national of one Power to the national of another gives the Government of the latter Power no right to take up the claim diplomatically and to bring it before an arbitral tribunal. The precedents [illegible] will be found enumerated and discussed [illegible] in the Stevenson case, which was referred to [illegible] the Anglo-Venezuelan Mixed Commission [illegible] 1903. [illegible]

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* Not printed. † See No. 26.

Mr Silley to the Turkish courts if he considers that the refusal of the licences was contrary to Turkish law. It is certainly impossible for Sir E. Grey to pronounce a final opinion on the effect of the statement of views made by the Council of State, as it is a matter of the constitutional law of Turkey, and therefore a matter as to which he can only accept the statements made by the Ottoman Government, until Mr Silley is in a position to demonstrate that the Turkish view is erroneous.

The result is, therefore, that Sir E. Grey can only accept the assurances of the Ottoman Government that the concession for the Civil List, since transferred to the Ministry of Finance, is in force, that it prevents the issue of prospecting licences and that the contrary opinion expressed by the Council of State has not received the Imperial sanction, and imposes no obligation on the Ottoman Government.

It is impossible for Sir E. Grey to adopt any other attitude, because there are other claimants to rights in the oilfields in Mosul and Bagdad, whose claims depend upon the validity of the concession of the Civil List, and these parties are equally entitled to the support of the Secretary of State. If it could be shown by appropriate proceedings that the concession was invalid, and that the parties claiming thereunder had no rights, and that the Ottoman Government were wrong in maintaining the opposite, the obstacle to the issue of certain licences under the Mining Law would disappear. Apart from other difficulties (which might prove legally insuperable), I am [illegible] for special action in regard to [illegible] Mr Silley's claims, he would, if he could show that his claims were British at the time of the refusal of licences, possibly be entitled, in respect of some of them, to the support of His Majesty's Government in their endeavours to obtain their issue. But the decision of the Council of State is not sufficient to show that the concession held by the Civil List or the Ministry of Finance was invalid, or that it is no longer in force, and until the above question has been satisfactorily settled Sir E. Grey has no adequate ground for contesting the view of the Ottoman Government.

As regards Mr. Silley's claims in Basra or Nejd, I am to repeat that, subject to further enquiry as to the validity of these claims, His Majesty's Government might be prepared to support them if he gave an undertaking in writing that he would not, without the sanction of His Majesty's Government, transfer them to other parties [illegible] right [illegible] directly or [illegible].

I am, &c.
EYRE A. CROWE.

[33073]

No. 37.

Sir E. Grey to Mr Beaumont.

(No. 345.)
(Telegraphic.) *Foreign Office, July 13, 1914.*

I [illegible] following [illegible] to [illegible] the [illegible] I [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] upon the [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]:—

"We too have a great interest in coming to [illegible] as possible during negotiations with Turkey. These negotiations however [illegible] [illegible] [illegible] of the Bagdad Railway Company [illegible] [illegible] Djavid Bey's [illegible] [illegible] [illegible] [illegible] [illegible] concession. We [illegible] [illegible] purpose [illegible] [illegible] to [illegible] Berlin and the Constantinople direction of the Bagdad Railway Company [illegible] the result of these conversations [illegible] Turkish wishes as far as possible and to show [illegible] concession [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] Sir E. [illegible] [illegible] [illegible] which is hardly to be expected [illegible] [illegible] would be responsible and to be blamed. It would probably be of good service if Sir E. Grey would [illegible] his influence with Djavid Bey [illegible] representative [illegible] [illegible] [illegible]."

You should continue to urge upon the Ottoman Government the great importance I attach to conclusion of the British negotiations forthwith. If this is not practicable I shall have to interrupt all negotiations for two months, during the leave season. I am anxious to avoid this as it would entail annual loss to Turkey through the non-imposition of the higher customs duties.

(Repeated to Berlin, No. 188.)

[32691]

No. 38.

Mr Beaumont to Sir Edward Grey.—(Received July 20.)

(No. 504.)

Sir,

Constantinople, July 14, 1914.

WITH reference to Sir L. Mallet's despatch No. 483 of the 6th July, I have the honour to transmit herein a despatch from the acting British consul-general at Smyrna on the subject of the anti-Christian movement in that district, and especially on the danger arising from the presence of armed Cretan Moslems in the village of Bournabat.

On the receipt of Mr. Barnham's despatch, enclosed in Sir L. Mallet's despatch under reference, Mr. Ryan spoke to the Minister of the Interior about these armed Cretans, pointing out that they constituted a grave source of danger in a village inhabited by many wealthy British subjects. Talaat Bey stated that he had arranged with the Vali for the disarmament of dangerous persons.

If these instructions continue to be disregarded, I will address his Excellency again on the subject.

I have, &c.
H. D. BEAUMONT.

Enclosure in No. 38.

Acting Consul-General Heathcote Smith to Sir L. Mallet.

(No. 8[illegible]. Confidential.)

Sir,

Smyrna, July 6, 1914.

I HAVE the honour to acknowledge your Excellency's telegram No. [illegible], stating that the Minister of the Interior had given assurances about the disarming of the Cretans at Bournabat.

I spoke to the Vali on this subject, who told me that he has been considering the whole question of disarming the population [illegible] at Smyrna. He says it is impossible for him to remove arms from Moslems without also searching Christian houses.

It appears that at the present time the [illegible] Cretans have successfully [illegible] of arms, and the Vali [illegible] with the gendarmerie in its present [illegible] [illegible] [illegible] the Konak, [illegible] [illegible] he hopes to [illegible].

As regards the [illegible] movement, the anti-Greek campaign of intimidation and violence [illegible] sent by special messengers from [illegible] on the Aidin line. He has lived among [illegible] everywhere known to be a man of [illegible] without the [illegible] [illegible] Turkish peasant.

[illegible] to his knowledge [illegible] confidentially, through several [illegible] the [illegible] of persecution of their co-religionists, fellow [illegible], the [illegible] through the gendarmerie officers [illegible] the Turkish Secretary and the [illegible] of Moslem villagers who would [illegible] the Christian villages. As the [illegible] are too [illegible] work [illegible] help to swell up the [illegible].

In [illegible] of pillage and [illegible] in reserve for [illegible] for this purpose.

As [illegible] of the power and effectiveness of the organisation, the [illegible] to [illegible] place are passed on to its recruits by word of mouth through the [illegible]. The betrayal of such secret information is death to be inflicted on the traitor by the boycott organisation.

If the above story be later translated into fact it would further bear out the general belief that the boycotting organisation had lavished its first care on the Cassaba and other districts in that direction, and was now turning its attention to the hitherto relatively neglected regions along the Aidin line and south of it.

I have, &c.
C. E. HEATHCOTE SMITH.

[33170] No. 39

Mr. Beaumont to Sir Edward Grey.—(Received July 21.)

(No. 445.)
(Telegraphic.) R. *Constantinople, July 21, 1914.*

YOUR telegram No. 309 of 11th July: Anglo-Turkish Convention: Monopolies, &c.

To accelerate conclusion of Monopolies Agreement, Minister of Finance is ready to forgo insertion of the clause respecting negotiation of commercial agreement on basis of international law, but he attaches utmost importance to acceptance of proposal in principle, which might be done by separate communication either here or in London. He says that he will positively refuse to sign anything with Germany which does not contain unqualified admission of Turkey's freedom to negotiate on the same conditions as any other independent country and that Russia's consent is already assured. Our refusal to make this concession would therefore prevent commercial negotiations with France and Austria, Italy, Russia, and Germany. He admits that it is desired to get that phrase because of friction with Customs Administration. Hakki Pasha and Crawford seem to imply it is economic independence of Turkey which he wants to secure. We would, he adds, have nothing to lose or fear by admitting this, and there would be no reason for us to negotiate at once; his only wish being to clear the way for other negotiations.

Bagdad Railway negotiations are progressing slowly. They (the Bagdad Railway Company) want original agreement altered in one or two conditions which will cost Turkey 100,000*l.* a year more at once, and eventually, as railway is built, at least another 100,000*l.*

He will be in Paris during first fortnight of August, but, as things are at present, he thinks it will be useless to go to London.

Our admission of principle at issue might hasten conclusion of Bagdad negotiations.

[33158] No. 40

Mr. Beaumont to Sir Edward Grey.—(Received July 21.)

(No. 446.)
(Telegraphic.) *Constantinople, July 21, 1914.*

RAILWAY from Mediterranean to Persian Gulf.

On the receipt of your telegram No. 308 of 11th July, I left with Grand Vizier memorandum saying that in spite of his assurance Djavid now states that nothing in the text of the Franco-Turkish Agreement would be interpreted so as to contain any clause which would preclude application by British interests for such a concession. He seemed to think we wanted guarantee in this connection [illegible] assurance asked for [illegible] to this. He evidently does not consider the matter of much practical importance, and expressed surprise that there should be any idea of building what would be a third trunk line in the same direction as two which would cross desert.

[33783] No. 41

Sir Edward Grey to Sir R. Rodd.

(No. 211.)
Sir, *Foreign Office, July 22, 1914.*

THE Italian Ambassador spoke to me to-day about the concessions that Italy wishes to obtain from Turkey.

On my saying that Turkey probably would not be in a hurry about the Ægean islands in Italian occupation till she saw whether she could come to an agreement with

Greece, which was now a possibility, the Ambassador suggested that Turkey might be urged to give the concession, receiving from Italy a promise to evacuate the islands in six months' time, or whenever Turkey desired it, on the repayment of the expenses of occupation from the date of granting the concession. He also said that, if it would facilitate matters, the Italian Government would be willing to agree that their concession should be dependent upon our obtaining from Turkey the concessions that we wished to have with regard to the railway. He pressed me very much that I should push the matter in Constantinople.

I said that we had been pressing Turkey for concessions that we ourselves wished to have, and we could not well press Turkey as regards concessions to other people. We had always been ready to inform the Turkish Government, as soon as the Smyrna-Aidin Railway Company were satisfied, that, as far as we were concerned, we had no objection to urge against the concession desired by Italy, but I did not see how we could go further than that.

The Ambassador asked me to think over what he had said, and suggested that we might at any rate let Turkey know that we wished Italy to evacuate the islands, and that this could be arranged only by the concession being given.

I am, &c.
E. GREY.

[33511] No. 42.

Mr. Beaumont to Sir Edward Grey.—(Received July 24.)

(No. 451.)
(Telegraphic.) R. *Constantinople, July* 24, 1914.

YOUR telegram No. 319 of 22nd July: Turkish Petroleum Company.

Minister of Finance will see representative of Turkish Petroleum Company to-morrow afternoon, when understanding might perhaps be reached as to Government share. It would be useful if he could receive definite instructions on this point. There are, however, many other important and complicated details which cannot be settled off-hand.

[33662] No. 43.

Mr. Beaumont to Sir Edward Grey.—(Received July 24.)

(No. 453.)
(Telegraphic.) *Constantinople, July* 24, 1914.

YOUR telegram No. 320 of 23rd July: Anglo-Turkish Convention, monopolies, &c.

Principle which Turkish Government wish admitted is that of their complete independence in economic matters, including right to fix customs duties and negotiate commercial treaties like any other nation. Acceptance by all the Powers of formula inserted in article 10 of Franco-Turkish agreement and which Turkish Government want to insert in our Monopolies Convention would, they think, secure this.

Grand Vizier stated to me the other day that it was intolerable for Turkey to continue to go round Europe begging for permission to make alterations in her fiscal arrangements absolutely necessary to enable her to balance her budget, and that he personally had been disposed to defy the Powers and impose tariff without their consent.

Crawford should by now have arrived in London from Paris.

[33976] No. 44.

Sir R. Rodd to Sir Edward Grey.—(Received July 27.)

(No. 270.)
Sir, *Rome, July* 18, 1914.

I HAVE the honour to report that, in the absence of all the principal officials at the Italian Foreign Office, I enquired this morning of the head of the Eastern Department whether any progress was being made with regard to the concessions at Adalia and South-Western Asia Minor.

Count Manzoni said he did not think any definite progress could be recorded as yet. The attitude of the Turks was such as to suggest that they were not in a hurr to see the islands in Italian occupation evacuated, because evidence had recently been obtained that further assistance was being given to the Arabs in Cyrenaica, not, it was true, on a large scale, but sufficiently to show that the Turkish Government had not yet altogether abandoned the policy against which the islands were held as a guarantee.

I have, &c.
RENNELL RODD.

[33662]

No. 45.

Sir Edward Grey to Mr. Beaumont.

(No. 326.)
(Telegraphic.)
Foreign Office, July 27, 1914.

YOUR telegrams Nos. 415 of 21st July and 453 of 24th July: Anglo-Turkish convention: Monopolies, &c.

I have discussed question fully with Sir R. Crawford. He states that Djavid Bey and the Grand Vizier are obviously bluffing about additional article, and that all that is really expected is that His Majesty's Government should agree to greater freedom for dealing with contraband and such matters. If this is so, the draft proposed is misleading, and the Ottoman Government had better send a written statement, either through you or through Hakki Pasha, explaining precisely what they do want. Meanwhile much time is being lost and no progress is made.

[34530]

No. 46.

Messrs. Treherne, Higgins, and Co. to Foreign Office.—(Received July 29.)

Sir,
7, Bloomsbury Square, London, July 28, 1914.

OIL concessions in Mesopotamia: Mr. R. H. Silley.

We beg to acknowledge receipt of your letter of the 18th instant, written in reply to our letters to you of the 23rd June and 1st July. We regret that we have had to wait a month for a reply to our letter of the 23rd June, as the delay may seriously prejudice our client's position, especially in view of the negotiations which are proceeding between the Foreign Office and the Turkish authorities with reference to the concessions in dispute.

As you are silent as to the last paragraph in our letter of the 1st July, dealing with certain unworthy aspersions which have been made against Mr. Silley and those associated with him, we presume that you have no definite evidence in support of them to bring forward.

We must point out that Mr. Silley's claim to the support of his Government does not depend on the date when he acquired an interest in the concessions in question or whether this interest was acquired after the date on which the Ministry of Mines refused to issue licences or before, seeing that the refusal of the Ministry of Mines to issue the licences was in consequence of the fact that the British Government was putting pressure on them to refuse, and because various somewhat complicated legal proceedings were pending with reference to the claims of the D'Arcy group.

In addition to the decision of the Council of State of the 4th June, a copy of which we sent you, you are perhaps unaware that there have been earlier decisions dealing with the same subject. We have received particulars of one dated 26 Mouharrem 331 (6th January, 1913), being a decision of the Council of State which received the sanction of the Sublime Porte and was transmitted to the Ministry of Mines, and had in consequence the force of a final judgment.

This decision was given in favour of Mr. Silley and his associates, and declares among other things that the firmans on which you rely were *ultra vires*.

We have also before us particulars of another decision of the Council of State, given apparently in November 1912, in which the firmans were repeatedly alluded to as being *ultra vires*, on the ground, among other things, that—

> "La formalité accomplie pour accorder à la Liste Civile la concession relative au vilayet de Bagdad est nulle et non avenue, vu qu'il est aussi contraire au Règlement des Mines qu'aux principes généraux du droit."

We must therefore again repeat that the concessions of the oil deposits in Mosoul and Bagdad to the Civil List, subsequently transferred to the Ministry of Finance, were not and are not valid and in force, the firmans on which you rely for their validity having been declared *ultra vires.*

With reference to the analogy between the position of the Turkish Petroleum Company and Mr. Silley's group, we must repeat what we stated in our letter of the 1st July. The Turkish Petroleum Company is a company incorporated under English law, although its shares are largely held by the Deutsche Bank and the Anglo-Saxon Petroleum Company, which is controlled by Dutch interests. The presence of foreign shareholders does not, of course, deprive the company of its British nationality. Mr. Silley's group have not yet formed a company owing to the obstacles which have been placed in the way of their getting their concessions. When they do so, there is no reason why it should not be a company incorporated under English law.

You state that enquiries made by the embassy at Constantinople show that the Ottoman Government maintains that the Turkish Mining Law did not apply in these cases, and that the refusal of the licences was proper. Why then did the Council of State on the 4th June give a decree to the effect that the firmans on which depend the grant of the oil deposits in Mosoul and Bagdad to the Civil List were not legal and in force?

We understand that the decisions of the Council of State are final in reference to mining matters, and do not need the confirmation of the Cabinet, and that under specific articles of the Mining Code it is the competent authority to decide all mining differences. Further, that its decisions in reference to such matters have practically always been accepted and executed during the last ten years; in fact, it has been the usual practice for its decisions to be sent direct from the Council of State to the Ministry of Mines without being submitted to the Cabinet.

It is common knowledge that negotiations have been proceeding for some time between the Foreign Office and Hakki Pasha, representing the Porte, with a view to these particular concessions being given to the Turkish Petroleum Company, and strong diplomatic pressure has been put upon Turkey to achieve this end.

Anyone reading your letter would imagine that it had been the function of the Foreign Office to stand by and see fair play while the various claimants to the concessions in question fought it out with the Turkish Government; whereas, in fact, the Foreign Office has been for months putting pressure on the Turks to give these concessions to the D'Arcy group. In this respect you must permit us to remark that your letter scarcely conveys a correct impression of the attitude of the Secretary of State, or of the activity or otherwise of the Foreign Office.

The position of the Foreign Office is admitted by the paragraph of your letter, in which you say that it is impossible for the Secretary of State to adopt any other attitude, because there are other claimants to rights in the oil fields of Mosoul and Bagdad whose claims depend upon the validity of the concession of the Civil List, and you add that "these parties are equally entitled to the support of the Secretary of State." The truth is that the Foreign Office has committed itself to support the Turkish Petroleum Company, and this company is receiving the support of the Foreign Office to the exclusion of all other claimants, and now that the Council of State has given a decision adverse to their legal pretensions, pressure is being put upon the Porte by the Foreign Office to prevent that decision being rendered effective.

If these are not the facts, no doubt you will contradict them. If they are the facts, we can only say that Mr. Silley is being very badly treated. The matter appears to us to be of such importance that we must reserve the right to make the whole correspondence public.

We are, &c.
TREHERNE, HIGGINS, AND Co.

[33485]

No. 47.

Foreign Office to Board of Trade.

(Confidential.)

Foreign Office, July 29, 1914.

Sir,

I AM directed by Secretary Sir E. Grey to state that Admiral Sir E. Slade called at this Office on the 22nd instant to say that the Lords Commissioners of the Treasury had finally decided that they could not improve the arrangement which had been provisionally agreed upon with the various parties interested for guaranteeing the Burma Oil Company against the risk of loss owing to their financing the D'Arcy Syndicate in respect to the Mesopotamian oil concession. The matter having been further discussed between the Treasury and the Admiralty, it had been agreed that a much better and less complicated arrangement was to let the Anglo-Persian Company in the ordinary course of business make a loan for general purposes to Mr. D'Arcy. Such a transaction would not necessarily appear in any published document or statement, but even if it became known, would be no more open to objection than the originally proposed guarantee, from the point of view of an indirect connection between the Turkish Petroleum Company and the Anglo-Persian Company. On the other hand the former proposal for a guarantee was always thought to be faulty from the purely business point of view, as it involved His Majesty's Government in liabilities for losses but gave no share in profits, and on this ground the Treasury had come to the conclusion that it could not be defended before Parliament.

Admiral Slade explained that it was necessary to come to a decision at once, as the position of the company was getting an impossible one so long as this point was not settled. There was to be an early meeting, and the Admiralty wished to be in a position to say that from the Foreign Office point of view the new proposal was not open to objection.

The matter was fully discussed with Admiral Slade who was informed that any objection this Department might have to the new proposal was really applicable equally to the old, which had been accepted by the Foreign Office, and therefore it did not appear that objection could properly be urged against the arrangement now proposed.

I am, &c.
EYRE A. CROWE.

[34530]

No. 48.

Foreign Office to Messrs. Treherne, Higgins, and Co.

(Confidential.)

Foreign Office, July 30, 1914.

Gentlemen,

I AM directed by Secretary Sir E. Grey to acknowledge the receipt of your letter of the 28th instant respecting the interest of your client, Mr. Silley, in certain petroleum claims in Turkey.

I am to state that Sir E. Grey has no wish to add anything to the letter of the 18th July from this Department, except in regard to the second paragraph of your letter of the 28th instant, in which you refer to the final paragraph of your letter of the 1st instant as having been left unnoticed. The subject to which you allude was, Sir E. Grey understands, mentioned at a personal interview for which Mr. Verey, of your firm, pressed. All that it was intended to convey to Mr. Verey on that occasion was that, from the records and dates of Mr. Silley's conversations with a representative of His Majesty's Embassy at Constantinople, it was hard to believe that he was not aware of serious impediments to the grant of licences when he first acquired an interest in certain Turkish claims. The impediments in question are the firmans of 1889, 1898, and 1902; and, even if they had been non-existent, Mr. Silley must have been aware that he would have been debarred, in respect of the majority, at any rate, of his claims, by article 45 of the mining regulations, with which you and your client are presumably fully conversant.

I am, &c.
EYRE A. CROWE.

[35007]

No. 49.

Mr Beaumont to Sir Edward Grey.—*(Received July* 31.)

(No. 462.)
(Telegraphic.)

Constantinople, July 31, 1914.

MY telegram No. 451 of 24th July: Turkish Petroleum Company.

Minister of Finance is asking 10 per cent. participation in capital of any company that may be formed for exploit leases. Representatives of company do not think that this will be acceptable. In regard to royalty he will say nothing until he has received report as to what is done in Russia and Roumania. Although negotiations for issue of second "tranche" [group undecypherable] loan are necessarily suspended, he is leaving for Paris to-morrow, and there must be considerable delay before agreement can be reached even as to large lines of oil contract.